

TEACHERS' RETIREMENT BOARD
BUDGETS AND AUDITS COMMITTEE

SUBJECT: Approval of Minutes of October 12, 2000 Meeting

ITEM NUMBER: 2

ATTACHMENT(S): 1

ACTION: X

DATE OF MEETING: February 8, 2001

INFORMATION: _____

PRESENTER(S): Chairperson

Please see the attached minutes of the October 12, 2000, Budgets and Audits Committee meeting.

PROPOSED
MINUTES OF THE
BUDGETS AND AUDITS COMMITTEE
OF THE
TEACHERS' RETIREMENT BOARD
THURSDAY, OCTOBER 12, 2000
FIRST FLOOR BOARD ROOM
7667 FOLSOM BOULEVARD
SACRAMENTO, CALIFORNIA

COMMITTEE MEMBERS PRESENT

George Fenimore, Chairperson
Yvonne Gallegos Bodle
Lillian Raffel
Emma Zink
Walter Barnes, representing the State Controller, Kathleen Connell
Jennifer DuCray-Morrill, representing the State Treasurer, Philip Angelides
Annette Porini, representing the Director of Finance, B. Timothy Gage

OTHER BOARD MEMBERS PRESENT

Marty Mathiesen

STAFF PRESENT

James D. Mosman, Chief Executive Officer
Christopher J. Ailman, Chief Investment Officer
Christopher Waddell, Chief Counsel
Peggy Plett, DCEO, Administration
Michael Carter, DCEO, Client Benefits and Services
Laurence Martin, DCEO, Information and Financial Systems
Ed Derman, DCEO, External Affairs, and Program Development
Way Lee, Director, Office of Audits
Mary Miles, Administrative Assistant

OTHERS PRESENT

Mick Friend, PricewaterhouseCoopers
Don Wen, PricewaterhouseCoopers
Lance Stemple, PricewaterhouseCoopers
Lois Shive, CTA
Al Reyes, UTLA
Michael Green, CTA
Beverly Carlson, CTA
Susan Goff, CRTA

A quorum being present, Chairperson Fenimore called the meeting to order at 8:05 a.m.

II. **APPROVAL OF MINUTES OF JULY 13, 2000 MEETING**

MOTION duly made by Ms. Zink, seconded by Ms. Raffel, and carried to approve the Minutes of the July 13, 2000 meeting.

III. **ANNOUNCEMENTS**

There were no announcements.

IV. **2001/2002 PROPOSED BUDGET**

Ms. Plett presented the 2001/2002 Proposed Budget. Staff was asked to provide a breakdown of the BCPs by category (i.e., legislation, business growth).

MOTION duly made by Dr. Bodle, seconded by Ms. Zink, and carried to approve the 2001/2002 Proposed Budget Changes 1 through 17, 20 and 21 as presented. Mr. Barnes voted no. Ms. Porini abstained.

Ms. DuCray-Morrill stated that the Treasurer would not support the 2001/2002 proposed budget changes 18 and 19, until the START Project is up and running, and the technology can be reevaluated.

MOTION duly made by Ms. Raffel, seconded by Ms. Zink, and carried to approve the 2001/2002 Proposed Budget Changes 18 and 19 as presented. Ms. DuCray-Morrill and Mr. Barnes voted no. Ms. Porini abstained.

V. **REPORT ON AUDITS OF THE COMBINED FINANCIAL STATEMENTS FOR THE STATE TEACHERS' RETIREMENT FUND AS OF JUNE 30, 2000 AND FOR THE YEAR THEN ENDED**

Mr. Lee introduced Mr. Friend, Mr. Wen, and Mr. Stemples from PricewaterhouseCoopers. Mr. Friend provided a summary of the report and commented that no significant audit adjustments were made to the financial statements. Mr. Friend stated the Management Letter would be provided at the next meeting.

MOTION duly made by Ms. Zink, seconded by Ms. Raffel, and carried to approve the Report on Audits of the Combined Financial Statements for the State Teachers' Retirement Fund as of June 30, 2000 and for the Year Then Ended.

Mr. Barnes stated he had received a letter from Mr. Lee regarding the percentage of time being devoted to audit activities and encouraged Mr. Lee to continue to improve the percentage.

VI. **1999/2000 BUDGET STATUS REPORT**

Ms. Plett reported there is approximately \$1.1 million in the reserve that is available for re-appropriation in the current year as needed by the System.

VII. **2000/2001 BUDGET STATUS REPORT**

Ms. Plett reported there had been no unusual spending patterns.

- VIII. **QUARTERLY AUDIT STATUS REPORT**
Mr. Lee presented this item.
- IX. **INTERNAL AUDITS FINAL REPORT – INVESTMENT BRANCH RISK ASSESSMENT**
Mr. Lee presented this item.
- X. **INTERNAL AUDITS FOLLOW-UP STATUS REPORT**
Mr. Lee explained changes to the follow-up status codes.
- XI. **DRAFT AGENDA FOR THE JANUARY BUDGETS AND AUDITS COMMITTEE MEETING**
Staff was directed to add the Management Letter to the next agenda.
- XII. **OPPORTUNITY FOR STATEMENTS FROM THE PUBLIC**
There were no statements.
- XIII. **ADJOURNMENT**
Chairperson Fenimore adjourned the Committee meeting at 8:51 a.m.

James D. Mosman, Chief Executive Officer
and Secretary to the Teachers' Retirement Board

George Fenimore, Chairperson